

Message Text

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P R 102111Z MAR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7924

INFO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L SECTION 1 OF 3 CARACAS 2668

EO 11652: GDS

TAGS: PFOR VE XM US

SUBJ: VENEZUELA'S ASPIRATIONS FOR INTERNATIONAL LEADERHSIP

DEPARTMENT PASS ALL ARA POSTS

BUENOS AIRES FOR SECRETARY ROGERS

BEGIN SUMMARY:

VENEZUELA, FAST EMERGING AS A HEMISPHERE POWER, IS ENGAGED IN AN AMBITIOUS DRIVE, UTILIZING ITS OIL WEALTH, TO ASSERT LEADERSHIP IN LATIN AMERICAN POLITICAL AND ECONOMIC AFFAIRS AND TO EXPAND ITS INFLUENCE IN THE THRRD WORLD. DESPITE THE ANTI-US TONE OF PRESIDENT PEREZ'S VIGOROUS EFFORTS TO ESTABLISH A "NEW INTERNATIONAL ORDER," SHOULD THE US CHOOSE OPENLY TO COMBAT ITS FORMATION, WHICH IMPLIES A STRONGER AND MORE UNIFIED LATIN AMERICA, THE US RISKS NOT ONLY HARMING ITS INTERESTS AND RELATIONS WITH VENEZUELA, THE HEMISPHERE AND THE

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THIRD WORLD, BUT ALSO OF STIMULATING THE HOSTILITY OF A

POTENTIALLY NEW AND COMPETITIVE POWER CENTER. A POSSIBLY HISTORIC CHALLENGE IS THUS FACING THE UNITED STATES, WHICH THIS EMBASSY BELIEVES CAN BEST BE MET BY INTENSIFYING US DIALOGUE WITH VENEZUELA AND THE REST OF LATIN AMERICA IN ORDER TO PROMOTE US INTERESTS IN THE HEMISPHERE AND BEYOND, AS WELL AS TO GUIDE OUR EVOLVING RELATIONSHIP FROM CONFRONTATION TOWARDS COOPERATION.

END SUMMARY

1. SHORTLY AFTER CARLOS ANDRES PEREZ WAS ELECTED PRESIDENT OF VENEZUELA, HE MADE PUBLIC HIS INTENTION TO USE VENEZUELA'S LEVERAGE AS AN IMPORTANT PETROLEUM SUPPLIER AS HIS MAJOR FOREIGN POLICY "INSTRUMENT" (BUT NOT, HE SAID, AS A "WEAPON") ON ORDER TO OBTAIN FOR HIS COUNTRY ECONOMIC AND COMMERCIAL BENEFITS AS WELL AS MODERN TECHNOLOGY. IN THE YEAR SINCE HE BECAME PRESIDENT, PEREZ HAS GONE CONSIDERABLY FURTHER THAN THIS, HAVING MOVED RAPIDLY TO CAPITALIZE UPON THE OPPORTUNITIES IN INTERNATIONAL AFFAIRS PRESENTED BY VENEZUELA'S OIL WEALTH AND SURPLUS REVENUES IF NOT, IN FACT, AS A "WEAPON," CERTAINLY AS AN INCREASINGLY EFFECTIVE "INSTRUMENT" TO ASSERT FOR VENEZUELA BROAD LEADERSHIP IN LATIN AMERICAN POLITICAL AND ECONOMIC AFFAIRS, AND ALSO TO EXPAND VENEZUELA'S INFLUENCE IN THE THIRD WORLD.

2. IN DEALING WITH THE UNITED STATES, PEREZ HAS ADROITLY EXPLOITED THE ENERGY CRISIS TO SUPPORT THE CREATION OF A "NEW INTERNATIONAL ORDER" IN WHICH RAW MATERIAL-PRODUCING COUNTRIES, ESPECIALLY IN LATIN AMERICA, WOULD RECEIVE A FAIRER PRICE FOR THEIR EXPORTS, THEREBY LEGITIMATIZING THE HIGH PRICE OF OIL AND OTHER RAW MATERIALS. IN THIS CONNECTION, PRESIDENT FORD'S AND OTHER US OFFICIALS' ENERGY STATEMENTS AND, MORE RECENTLY, THE OPEC EXCLUSION FEATURE OF THE US TRADE ACT OF 1974 PROVIDED TARGETS OF OPPORTUNITY FOR PEREZ BOTH TO GAIN DOMESTIC POLITICAL SUPPORT AND TO FURTHER HIS LEADERSHIP ROLE IN THE HEMISPHERE AGAINST US "COERCION". THIS HAS STRAINED US-VENEZUELAN RELATIONS, ALTHOUGH VENEZUELA INSISTS IT IS ANXIOUS TO AVOID "CONFRONTATION" WITH THE US OVER ENERGY MATTERS. AT THE SAME TIME, NATIONALIZATION OF THE US-OWNED IRON INDUSTRY, ACCOMPLISHED AT THE BEGINNING OF 1975, AND NATIONALIZATION OF THE LARGELY US-OWNED OIL INDUSTRY, SCHEDULED FOR LATER THIS YEAR, ARE DOMESTICALLY POPULAR ISSUES WHICH, ALTHOUGH THEY PROBABLY WOULD HAVE BEEN PURSUED BY ANY VENEZUELAN PRESIDENT AT

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THIS JUNCTURE, BUILD UP PEREZ'S CREDENTIALS AS A STRONG NATIONALISTIC LEADER UNAFRAID OF THE US IN THE EYES OF LATIN AMERICA, OPEC AND THE THIRD WORLD.

3. IN HIS POLITICAL RELATIONS WITH LATIN AMERICA, PRESIDENT PEREZ SEEKS TO CATALYZE THE UNITY OF ALL LATIN AMERICA AS A COHERENT GROUP ABLE TO DEFINE ITS INTERESTS EFFECTIVELY VIS-A-VIS THE UNITED STATES AND OTHER DEVELOPED COUNTRIES. THIS ACCOUNTS FOR VENEZUELA'S

EFFORTS TO LIFT OAS SANCTIONS AGAINST CUBA AND VENEZUELA'S RESUMPTION OF RELATIONS WITH THAT COUNTRY. IN RECENT MONTHS PEREZ HAS LAUNCHED A STRENUOUS DIPLOMATIC OFFENSIVE TO OFFER FRIENDSHIP, COOPERATION AND SUPPORT TO HIS LATIN AMERICAN FELLOWS, CONCENTRATING ON HIS SMALLER OR CLOSER NEIGHBORS, INCLUDING THE CARIBBEAN AREA. VENEZUELA WAS AN ORGANIZER OF THE NOVEMBER 1974 QUITO CONFERENCE ON CUBA (AND SUFFERED THE PRINCIPAL ONUS FOR THE FAILURE OF THAT MEETING); PEREZ PLAYED A PROMINENT PART IN THE AYACUCHO SESQUICENTENNIAL CELEBRATIONS IN DECEMBER; WAS HOST TO THE MEETING OF CENTRAL AMERICAN PRESIDENTS IN VENEZUELA THE SAME MONTH; AND HAS PROPOSED A MEETING OF CARIBBEAN HEADS OF STATE AND LATER OF ALL LATIN AMERICAN PRESIDENTS DURING 1975

PEREZ HAS SENT PERSONAL EMISSARIES TO MOST LATIN AMERICAN COUNTRIES AND IS RECEIVING A SWELLING STREAM OF HIGH-RANKING FOREIGN DIGNITARIES. IN MARCH, FOLLOWING A "TRIUMPHAL" RETURN FROM THE OPEC CHIEFS OF STATE CONFERENCE IN ALGIERS, HE IS SCHEDULED TO VISIT MEXICO AND PANAMA AND PROBABLY ARTENTINA, AND HE MAY MAKE FURTHER OFFICIAL VISITS IN THE HEMISPHERE THIS YEAR. HE MAY ALSO MEET WITH FIDEL CASTRO LATER ON IN 1975. HE HAS PUBLICLY GIVEN EMPHATIC SUPPORT TO PANAMA IN ITS CANAL NEGOTIATIONS WITH THE US. IN LATE MARCH OR EARLY APRIL 1975 THE ARMY CHIEFS OF ARGENTINA, BOLIVIA, CHILE, COLOMBIA, ECUADOR, PANAMA, AND PERU WILL CONFER IN CARACAS. ALL OF THESE DEVELOPMENTS, ALTHOUGH PERHAPS NOT DELIBERATELY CONTRIVED, MAY DIMINSIH THE LUSTRE OF SECRETARY KISSINGER'S ANNOUNCED VISIT TO SOUTH AMERICA. TO ME THE PRESIDENT HAS FREQUENTLY COMPLAINED OF THE SECRETARY'S ALLEGED "OLYMPIAN INDIFFERENCE" TO THE LATIN WESTERN HEMISPHERE.

4. WITH RESPECT TO THE OAS, PEREZ SEEMS LESS INTERESTED IN VITIATING ITS ACTIVITY THAN INSTILLING AMONG THE LATINS A SENSE OF UNITY SO AS TO PLACE DIALOGUE WITHIN ITS FRAMEWORK ON A MORE EQUAL BASIS. HE WAS THE MAIN INSTIGATOR OF THE SPECIAL OAS COUNCIL
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MEETING WHICH UNANIMOUSLY VOTED AGAINST THE US ON THE TRADE ACT OF 1974. POSTPONEMENT OF THE MARCH BUENOS AIRES MFM, LARGELY AT VENEVUELA'S INSTIGATION (AN ACTION PUBLICLY JUSTIFIED BY PASSAGE OF THE US TRADE ACT OF 1974), TESTIFIES TO THE SUCCESS OF VENEZUELA'S EFFORTS BOTH TO DRAW LATIN AMERICA TOGETHER IN ORDER TO NEGOTIATE MORE EFFECTIVELY WITH THE MORE DEVELOPED COUNTRIES, PARTICULARLY THE US, AND TO AUGMENT VENEZUELA'S INFLUENCE LOOKING TOWARD A STRONGER, MORE UNITED HEMISPHERE.

NOTE BY OC/T: NOT PASSED ALL ARA POSTS.

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ACTION ARA-10

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7925

INFO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L SECTION 2 OF 3 CARACAS 2668

5. IT SHOULD ALSO BE NOTED THAT THERE IS A TENDENCY AMONG VENEZUELAN LABOR LEADERS TO FAVOR THE FORMATION OF LATIN AMERICAN TRADE SECRETARIATS AND A LATIN AMERICAN LABOR CENTRAL WHICH WOULD EXCLUDE THE US LABOR MOVEMENT AND POSSIBLY LEAD TO THE ABANDONMENT OF ORIT. AND IN APRIL, AT THE INVITATION OF VENEZUELA'S PETROLEUM WORKERS FEDERATION, REPRESENTATIVES FROM THE PETROLEUM WORKERS UNIONS IN ALL THE OPEC COUNTRIES WILL MEET IN CARACAS TO DEMONSTRATE LABOR SOLIDARITY AMONG THE OPEC COUNTRIES.

6. IN HIS ECONOMIC RELATIONS WITH LATIN AMERICAN PRESIDENT PEREZ AIMS AT EXPANDING VENEZUELA'S POWER BASE IN THE AREA WHILE AT THE SAME TIME PROMOTING LATIN SOLIDARITY BY STRENGTHENING THE HAND OF RAW MATERIAL AND COMMODITY PRODUCERS IN THEIR ECONOMIC RELATIONS WITH THE INDUSTRIAL POWERS, ESPECIALLY THE US. IN ORDER TO FACILITATE THESE OBJECTIVES, PEREZ HAS FELT HE MUST DISSIPATE THE ANIMUS AGAINST VENEZUELA AS A RICH COUNTRY, SOME OF WHOSE WEALTH IS BEING ACQUIRED AT THE EXPENSE OF ITS POOR NEIGHBORS. BESIDES PROVIDING LARGE SUMS FOR DEVELOPMENT ASSISTANCE AND INTER-CONFIDENTIAL

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NATIONAL LENDING, VENEZUELA HAS ACTED TO NEUTRALIZE THE OIL PRICE ISSUE IN LATIN AMERICA BY OFFERING HELP TO THE CENTRAL AMERICAN COUNTRIES TO ALLEVIATE THE IMPACT UPON THEM OF THE HIGH COST OF OIL AND TO ASSIST THEM IN STABILIZING FOREIGN EXCHANGE EARNINGS FROM COFFEE. VENEZUELA IS ALSO NEGOTIATING BILATERAL PETROLEUM ARRANGEMENTS WITH PERU AND ARGENTINA, WITH PROBABLY MORE LATIN AND CARIBBEAN COUNTRIES TO FOLLOW. THESE DEALS ARE OSTENSIBLY DESIGNED TO EASE THEIR BALANCE OF PAYMENTS DIFFICULTIES AND ALSO MAKE MONEY AVAILABLE FOR MUCH-NEEDED DEVELOPMENT, BUT THEY ALSO INESCAPABLY ENTAIL THOSE COUNTRIES' GREATER DEPENDENCE ON VENEZUELA.

7. FRUSTRATED BY THE DOMINANT ROLE PLAYED BY BRAZIL, ARGENTINA AND MEXICO IN LAFTA, VENEZUELA HAS CHOSEN, PRINCIPALLY FOR POLITICAL CONSIDERATIONS, TO ASSUME AN ACTIVE LEADERSHIP ROLE IN THE ANDEAN PACT AND TO REAFFIRM CARACAS AS THE PACT'S FINANCIAL CENTER. VENEZUELA IS ALSO UNDERTAKING A NUMBER OF BILATERAL AND MULTILATERAL ECONOMIC INITIATIVES IN THE CARIBBEAN. MEANTIME, PEREZ HAS NOT HESITATED TO UTILIZE SUCH ISSUES AS THE US TRADE ACT TO DEFLECT LATIN ATTENTION AWAY FROM THE HIGH PRICE OF PETROLEUM. PERHAPS MOST SIGNIFICANTLY OF ALL, IN ORDER TO INSTITUTIONALIZE LATIN AMERICAN ECONOMIC SOLIDARITY, VENEZUELA IS CO-SPONSORING WITH MEXICO FORMATION OF A STRICTLY LATIN AMERICAN ECONOMIC SYSTEM (SELA), APPARENTLY WITH SOME SUCCESS. DESPITE RESERVATIONS IN THE HEMISPHERE CONCERNING SELA, VENEZUELA APPEARS THOROUGHLY COMMITTED TO THE CONCEPT AND ORGANIZATION OF SELA, WHICH THE GOV HAS DESCRIBED AS OF THE "UTMOST IMPORTANCE" AND WHICH MAY BE USED TO EXPAND THE USE OF CARTEL-TYPE OPERATIONS TO OTHER COMMODITIES IN ADDITION TO OIL.

8. IN DEALING WITH THE THIRD WORLD, PRESIDENT PEREZ SEEKS TO GAIN BOTH INFLUENCE, BY PROJECTING IN INTERNATIONAL FORUMS, ESPECIALLY THE UN, THE IMAGE OF VENEZUELA AS AN UNDERDEVELOPED COUNTRY, AND PRESTIGE BY PORTRAYING HIMSELF AS THE LATIN AMERICAN SPOKESMAN FOR DEVELOPING COUNTRIES, AS OPPOSED TO THE DEVELOPED NATIONS, ESPECIALLY THE US. THIS IS WELL ILLUSTRATED BY VENEZUELA'S ESPOUSAL OF THE CREATION OF A "NEW WORLD ORDER" TO REDRESS GRIEVANCES OF THE DEVELOPING NATIONS. BY PARADOXICALLY JOINING IN THE VANGUARD OF THE "POOR" AGAINST THE "RICH", VENEZUELA AND OTHER NEWLY-RICH OPEC COUNTRIES HOPE TO CREATE A SOLID FRONT TO DEFLECT CRITICISM OF THEIR PRIVILEGED STATUS. THUS, ALTHOUGH OIL-WEALTHY VENEZUELA WOULD APPEAR TO BE AN INCREASINGLY STRANGE

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BEDFELLOW WITH THE UNDERDEVELOPED THIRD WORLD, IN STRICTLY ECONOMIC TERMS, THE VENEZUELAN GOVERNMENT HAS APPARENTLY DECIDED THAT VENEZUELA'S LONG-TERM POLITICAL AS WELL AS ECONOMIC INTERESTS ARE BETTER SERVED BY A DIPLOMATIC STRATEGY OF IDENTIFICATION WITH THE LDC'S.

9. THE EVIDENCE ADDUCED IN THIS ANALYSIS CLEARLY INDICATES THAT VENEZUELA AS A COUNTRY AND CARLOS ANDRES PEREZ AS A PRESIDENT INTEND TO DO THEIR UTMOST TO OCCUPY THE CENTER STAGE IN MULTI-NATIONAL FORUMS SINCE IN MOST SUCH FORUMS THE UNITED STATES AND THE INDUSTRIALIZED COUNTRIES WILL BE CONSISTENTLY OUTVOTED BY THE THIRD WORLD COUNTRIES. VENEZUELA CAN THUS AT LEAST SUPERFICIALLY COUNT ON A NUMBER OF PARLIAMENTARY VICTORIES EVEN THOUGH IT AND ITS ADHERENTS MAY LACK THE POLITICAL AND ECONOMIC POWER TO GIVE THESE RESOLUTIONS REAL SUBSTANCE. HOWEVER, THE DIPLOMATIC FACT REMAINS THAT INCREASINGLY WE RISK BEING PUBLICLY DEFEATED BY VENEZUELA AS A LEADER (A) OF THE LATIN AMERICAN REPUBLICS AND (B) OF THE LESSER DEVELOPED COUNTRIES. IN CONSEQUENCE, OUR BEST DIPLOMATIC STRATEGY, AS INDICATED BELOW, WILL BE TO SEEK TO GET INTO THE CLINCHES WITH PEREZ AND HIS GOVERNMENT ON A BILATERAL BASIS AND NOT TO BE PICKED OFF AT LONG-RANGE IN MULTI-NATIONAL FORUMS WHERE THE MAJORITY WILL CONSISTENTLY VOTE AGAINST US.

10. IT IS A CARDINAL POINT OF PEREZ'S FOREIGN POLICY FOR VENEZUELA TO ENTER INTO DIPLOMATIC RELATIONS WITH ALL NATIONS, REGARDLESS OF POLITICAL ORIENTATION, IN ORDER FOR VENEZUELA TO BUILD BRIDGES TO (AND GAIN POSSIBLE ALLIES WITH) AS MANY DIFFERENT STATES AS POSSIBLE. THUS, SINCE PEREZ BECAME PRESIDENT, VENEZUELA HAS INSTITUTED DIPLOMATIC RELATIONS WITH SUCH DIVERSE COUNTRIES AS NORTH KOREA, EAST GERMANY, BULGARIA AND GAMBIA, BESIDES CUBA. THE PRESIDENT HAS ALSO RECEIVED INVITATIONS TO VISIT FRANCE, ROMANIA, SPAIN, MAINLAND CHINA AND YUGOSLAVIA DURING 1975. IN INTERNATIONAL ORGANIZATIONS AND CONFERENCES VENEZUELA IS NOW CURRYING FAVOR AMONG THE THIRD WORLD BY TAKING A MUCH MORE INDEPENDENT (AND HARDLINE ANTI-US) STANCE. VENEZUELA'S INCREASING IDENTIFICATION WITH THIRD WORLD ASPIRATIONS IS LIKELY TO BE REFLECTED DURING THE FORTHCOMING LAW OF THE SEA CONFERENCE IN GENEVA.

NOTE BY OC/T: NOT PASSED ALL ARA POSTS (SEE SECTION 1).
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P R 102111Z MAR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7926

INFO AMEMBASSY BUENOS AIRES PRIORITY

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11. FINALLY, PEREZ DOES NOT HESITATE TO EXPLOIT HIS COUNTRY'S POSITION AS A FOUNDER-MEMBER OF OPEC. UNITY WITH OPEC IS THE FIRST LINE OF VENEZUELA'S OIL PRICE DEFENSE, AND PEREZ AND HIS ADVISORS KNOW THAT IF THE ORGANIZATION FALTERS, VENEZUELA'S NEARBY MARKETS COULD BE SWAMPED WITH HIGHLY COMPETITIVE MIDDLE EAST PETROLEUM. TO REASSERT VENEZUELA'S SOLIDARITY WITH THAT ORGANIZATION PEREZ WITH MUCH FANFARE ATTENDED THE OPEC CHIEFS OF STATE MEETING IN ALGIERS IN MARCH.

12. THIS EMBASSY HAS ALREADY PRESENTED ITS POLICY RECOMMENDATIONS IN FAVOR OF FRANK, SUSTAINED AND PRODUCTIVE DIALOGUE WITH THE VENEZUELAN GOVERNMENT TO FURTHER US BILATERAL INTERESTS WITH VENEZUELA (CARACAS 11246, NOV 13, 1974) AND CASP FOR FY 75-76). THIS IS BEING ACCOMPLISHED, WITH ENCOURAGING RESULTS, AND THE EMBASSY IS GRATIFIED THAT BILATERAL TALKS HAVE BEGUN IN WASHINGTON. IN THE MESSAGE REFERRED TO, THE EMBASSY NOTED THAT WHILE PRESIDENT PEREZ'S ASSERTION OF LEADERSHIP MAY BE PRIVATELY RESENTED BY SOME OF HIS NEIGHBORS, NONE IS LIKELY TO DISPUTE IT SO LONG AS HE PROFESSES TO SPEAK FOR THEIR GENERAL INTEREST AND HAS THE MONEY, CONFIDENTIAL

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OIL AND OTHER RESOURCES THEY NEED. HOWEVER, VENEZUELA'S LEADERSHIP AMBITIONS WILL NOT ALTER THE FACT THAT THE LATIN COUNTRIES, MOST ESPECIALLY THE LARGER ONES, WILL CONTINUE TO DETERMINE THEIR OWN POLICIES ACCORDING TO THEIR PARTICULAR NEEDS AND INTERESTS.

13. THE UNITED STATES PRESENTLY EXPERIENCING A PROFOUND RE-ADJUSTMENT IN ITS RELATIONS WITH VENEZUELA AND THE HEMISPHERE AS A NEW BALANCE IS BEING STRUCK BETWEEN THE COLOSSUS OF THE NORTH AND ITS HITHERTO WEAK NEIGHBORS TO THE SOUTH. IF THE EFFORT TO FORGE A SOLID LATIN AMERICAN FRONT PROSPERS (WHICH OF COURSE CANNOT BE TAKEN FOR GRANTED), NEW CIRCUMSTANCES WILL CREATE IMPORTANT IF NOT HISTORIC CHALLENGES FOR THE UNITED STATES. THESE WILL INCLUDE THE POSSIBILITIES OF FORMATION OF NEW LATIN AMERICAN INSTITUTIONS AND PRACTICES BASED UPON AN ADVERSARY POSITION TO THE US; PROBLEMS IN THE SUPPLY OF ENERGY AND RAW MATERIALS TO THE US; OBSTACLES TO US INVESTMENT IN LATIN AMERICA; EROSION OF US INFLUENCE IN THE OAS AND OTHER INTERNATIONAL ORGANIZATIONS AND DISRUPTION OF

THE TRADITIONAL FRIENDSHIP BETWEEN US AND VENEZUELAN LABOR GROUPS. ON THE OTHER HAND, EVOLUTION OF GREATER LATIN AMERICAN SOLIDARITY--WHICH MAY BE INEVITABLE WHETHER LED BY VENEZUELA OR NOT--OFFERS THE POSSIBILITY OF A MORE MATURE AND LSTING RELATIONSHIP BETWEEN THE US AND A MORE RESPONSIBLE LATIN AMERICA, LESS DEPENDENT ON THE US FOR DEVELOPMENT AND ASSISTANCE.

14. AS FAR AS VENEZUELA'S OWN ASPIRATIONS AS A SPOKESMAN FOR LATIN AMERICAN AND THE THIRD WORLD ARE CONCERNED, THE US MUST BEAR IN MIND THAT VENEZUELA IS A QUINTESSENTIALLY NOUVEAU RICHE COUNTRY, STRONGLY IF AT TIMES IGNORANTLY LED, AND PASSING THROUGH A PERIOD OF RAPID CHANGE AND EFFERVESCENT NATIONALISM, BUT THRUSTING FORWARD TO SECURE ITS PLACE IN THE SUN WITHOUT THE EXPERIENCE

OR MATURITY IN THE LARGER ARENA OF FOREIGN RELATIONS WHICH WOULD OTHERWISE TEMPER ITS IMPETOUSITY. IF THE ESSENCE OF EFFECTIVE DIPLOMACY IS THE ABILITY TO ADAPT TO CHANGES IN THE POLITICAL AND ECONOMIC ENVIRONMENT, THEN IN DEALING WITH VENEZUELA THE US SHOULD BE WISE AND SKILLFUL ENOUGH TO EXERCISE TACT, FORBEARANCE AND IMAGINATION IN INTENSIFYING OUR BILATERAL DIALOGUES WITH VENEZUELA AND THE LATIN AMERICAN COUNTRIES IN ORDER TO PROMOTE SPECIFIC US INTERESTS IN THE HEMISPHERE.

15. IN PARTICULAR, OUR RESPONSE TO VENEZUELA'S LEADERSHIP AMBITIONS
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MUST BE SUBTLE AND CAREFUL. IF WE CHOOSE OPENLY TO COMBAT GREATER LATIN AMERICAN UNITY, THE US RISKS HARMING ITS HIGHLY IMPORTANT INTERESTS IN VENEZUELA AND EXACERBATING ITS RELATIONS WITH THE HEMISPHERE (AND THE THIRD WORLD). IN ADDITION, IT WOULD RISK FORTIFYING THE ANTI-US BIAS INHERENT IN THE DEVELOPMENT OF GREATER LATIN AMERICAN SOLIDARITY AND STIMULATING THE HOSTILITY OF A POSSIBLE NEW AND COMPETITIVE HEMISPHERIC POWER CENTER. IF, ON THE OTHER HAND, THE US OPENLY ENDORSES THIS SOLIDARITY DRIVE, THE US COULD BE ACCUSED OF "PATERNALISM" TOWARD LATIN AMERICA AND MIGHT HAVE TO ACCEPT BLAME SHOLD LATIN AMERICAN UNIFICATION FAIL.

16. WE RECOMMEND AS A BETTER COURSE A WATCHFUL BUT SILENT POSTURE WITH RESPECT TO VENEZUELA'S CURRENT LEADERSHIP DRIVE, WHILE INTENSIFYING BILATERAL DIALOGUES WITH VENEZUELA AND OTHER LATIN COUNTRIES TO ENSURE THE US NEW OPPORTUNITIES TO GUIDE VENEZUELA AND THE HEMISPHERE AWAY FROM CONFRONTATION AND TOWARDS COOPERATION. OVER A CENTURY AND A HALF THE RELATIONSHIP BETWEEN THE US AND VENEZUELA HAS BEEN ONE OF LOVE-HATE, LIKE A MARRIAGE WITH NO POSSIBILITY OF DIVORCE. OVER THAT PERIOD THE MATERIAL ADVANTAGES IN US EXPLOITATION

OF VENEZUELAN OIL AND IRON HAVE BEEN DRAMATICALLY ON THE AMERICAN SIDE. IT IS THEREFORE LITTLE SHORT OF THE MIRACULOUS THAT THE NEW PRESIDENT'S POLICIES HAVE IN FACT NOT AS YET HURT US,AND WITH RESTRAINT

AND SKILLFUL DIPLOMACY WE MAY YET SUCCEED IN BUILDING A MORE ENDURING
NEXUS OF MUTUAL INTEREST.
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NOTE BY OC/T: NOT PASSED ALL ARA POSTS (SEE SECTION 1).

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